VarTec Telecom, Inc.
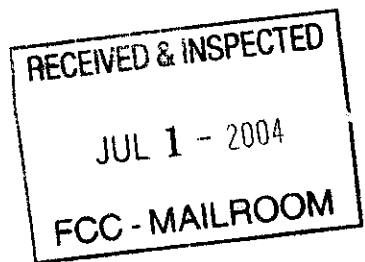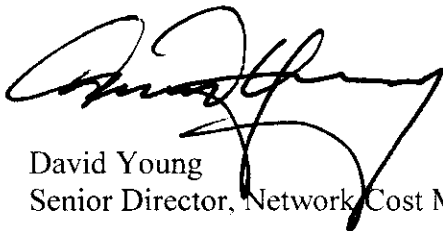
June 28, 2004

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
9300 East Hampton Drive
Capitol Heights, MD 20743

Federal Communications Commission:

In response to the Report and Order in FCC Docket No. 96-128, released October 3, 2003, VarTec Telecom, Inc / Excel Telecommunications, Inc. announces our contact information for payphone compensation. The follow contact information is to be used beginning with call date 07/01/2004 for payphone compensation issues and for resolving disputes:
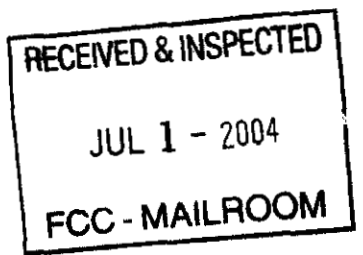
> National Payphone Clearinghouse
> 201 East Fourth Street, Room 102-980
> Cincinnati, OH 45201
> Phone: 513.397.6260
> 24 Hour Fax: 513.721.2646
> Email: npc@cinbell.com

Sincerely,

David Young
Senior Director, Network Cost Management

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VarTec Telecom, Inc.

Federal Communications Commission
CC Docket No. 96-128
Attestation Engagement

Luffey
Huffman
& Monroe
(A Professional Accounting Corporation)
CERTIFIED PUBLIC ACCOUNTANTS

Francis I. Huffman, CPA
L. Fred Monroe, CPA
Esther Atteberry, CPA

John L. Luffey, MBA, CPA (1963-2002)

Independent Accountants' Report

VarTec Telecom, Inc.
1600 Viceroy Drive
Dallas, Texas

We have examined VarTec Telecom, Inc.'s (VarTec's) compliance with the specified requirements listed in the attached Exhibit I, which are required to be implemented by the Federal Communications Commission (FCC) pursuant to CC Docket No. 96-128 regarding The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996 as of July 1, 2004. Management is responsible for VarTec's compliance with the specified requirements. Our responsibility is to express an opinion on VarTec's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about VarTec's compliance with the specified requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on VarTec's compliance with the specified requirements.

In our opinion, VarTec has procedures and processes in place to enable them to comply, in all material respects, with the specified requirements listed in the attached Exhibit I that take effect July 1, 2004.

This report is intended solely for the information and use of management of VarTec, the FCC and certain Payphone Service Providers and is not intended to be and should not be used by anyone other than those specified parties.

Luffey Huffman & Monroe

(A Professional Accounting Corporation)

June 11, 2004

Exhibit I

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Specified Compliance Requirements
Federal Communications Commission CC Docket No. 96-128
The Pay Telephone Reclassification and Compensation Provisions of the
Telecommunications Act of 1996

1. **VarTec's call tracking system and related procedures accurately track calls to completion**

   All LEC-originated payphone toll-free usage is on the DEX network; DMS toll-free usage either originates with MCI or the DEX network. Only toll-free calls from payphones are allowed on VarTec's networks; all other toll-free calls are blocked. There are no originating carriers except MCI (Carrier Identification Code – CIC 222 and 555). Terminating calls to other Switch-Based Resellers (SBRs) cross both the DEX and DMS networks.

   Payphone Call Detail Records (CDRs) are extracted from VarTec's DMS and DEX switch platforms. All payphone CDRs are captured (complete and non-completed) using the toll-free Numbering Plan Area (NPA) digits of 800; 855;866;877; and 888. The CDRs are formatted by use of Operations/IT standards during the extraction process and Network Cost Management (NCM) loads daily text files with payphone CDRs after further filtering for payphone infodigits 07; 25; 27; 29; and 70. Compensable calls are identified using seven (DEX network) and five (DMS network) answer types; noncompensable calls on both DEX and DMS networks are calls containing the "07" infodigit; calls switched across the network to other SBRs; and calls to Payphone Service Providers (PSPs) based on existing contractual arrangements.

   CDRs are identified and assembled by originating trunk group. Identified trunk group classes are FGD, VFGD and SAC (DEX network) and the same plus DAL and 800 (DMS network). The captured CDRs are loaded into the payphone table without regard to answer qualifier, then off-loaded to NCM for submission to the National Payphone Clearinghouse (NPC).

   Current per-call rate is $0.24

2. **VarTec has a person or persons with responsibility for tracking, compensating, reporting and resolving disputes concerning payphone completed calls**

Powell, Randy	NCM Analyst	214.424.1499
Boccia, Barbara	NCM Supervisor	214.424.1290
Stecher, David	Mgr.- NCM Audit	214.424.1315
Henderson, Barbara	Mgr.- NCM Vendor Mgmt.	214.424.1447
Williamson, Eric	Director – Line Cost Audit	214.424.1820
Young, David	Director – NCM	214.424.1174
Williamson, Craig	Internal Audit	214.424.1236
Lee, Peter	NCM – IT Support	214.424.1931

Exhibit I

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Moore, Mike	Mediation Developer	972.478.3085
Robertson, Gwen	Mgr.-Mediation Devel.	972.478.3303
Cox, Gail	Mediation Director	972.478.3300
Hammer, Reed	Mediation Sr. Vice-President	972.478.3983
Stranger, Joe	IT BIS Analyst	972.478.3362
Jalomo, Jackie	IT BIS BSM	972.478.3039

3. VarTec has effective data monitoring procedures

Operations Metrics and Information Technology functions reconciles switch counts with CDRs entering payphone module; each record will also have an AMA log identification which enables tracking back to the raw input file through to the output file.

One first day of the month, NCM verifies Operational Metrics has created payphone files for each day of the prior month. The Monthly Payphone Accrual report includes payphone call counts and infodigits of compensable calls. Concurrently, a Payphone Non-Compensable Report is developed which includes "07" calls; calls under private contracts; off-net carrier calls; and incomplete calls. Total call counts from these reports are matched to the output files from Operational Metrics and IT functions discussed in the preceding paragraph.

NPC Submission Reports are developed quarterly and consist of call counts on submission files that are reconciled back to the Payphone Accrual Report and Non-Compensable Report. After NPC completes their payment process for the quarter, they supply various reports for management and operational use.

4. VarTec adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone compensation call tracking ability

Billing Mediation: Billing Mediation has been provided with a list of processes under their control that might affect the payphone module, including, but not limited to: change in toll-free providers; changes in layout of CDR; changes in assignments and/or reassignments of trunk groups and/or switches; addition of new SBR customers; changes in how switch/trunk group assignments are populated; and infodigit changes. Billing mediation provides relevant changes to NCM, which determines the impact of the changes and submits an action request if necessary.

Operations Metrics/IT: Changes will be authorized on through approved request or trouble ticket system.

NCM: All change requests in payphone protocol follow current NCM change control process. Access to payphone databases and payphone tables is granted only to persons responsible for the production process; access is monitored by NCM IT Support group periodically.

Exhibit I

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5. **VarTec has created a compensable payphone call file by matching CDRs against payphone identifiers**

> NCM builds and submits compensable payphone files (SBR Contact reference; Completing Carrier Traffic Compensation; Completing Carrier Toll-free/Access Code reporting; and Intermediate Carrier Toll-free/Access Code Reporting) to National Payphone Clearinghouse (NPC). NPC compiles the submission files, matches data against payphone identifiers and creates final compensation file.

6. **VarTec has developed procedures to incorporate call data into required reports**

> Compensable completed payphone calls are submitted to NPC in the above reports in an NPC-approved format. NPC performs their validation and matching process and returns reports to NCM for monitoring and payment processing. The payphone accrual records are matched against invoices from NPC and payments are made to PSPs.

7. **VarTec has implemented procedures and controls needed to resolve payphone compensation disputes**

> Compensable and non-compensable call files are retained for six quarters. Both NCM Vendor Management Group and Audit Group will be involved in handling disputes. Randy Powell (NCM Analyst) is point man for research and resolution of disputes with assists from Audit Group.

8. **VarTec has designed and implemented a payphone call tracking system that can be tested by an independent third-party auditor as regards critical controls and procedures to enable the auditor to conclude that VarTec has complied with the FCC rules in all material respects**

> The call tracking system is designed so that the auditor can determine proper infodigits (if used) were captured; that dial-around calls are properly captured; that incomplete calls are not captured; that switch data is generally populated into payphone compensation file accurately; and that commissioned calls are excluded.

Based on the foregoing sections, VarTec has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to: (i) identify calls originated from payphones; (ii) identify compensable payphone calls; (iii) identify incomplete or otherwise non-compensable calls; and, (iv) determine the identities of payphone service providers to which VarTec owes compensation